

AMENDED IN ASSEMBLY APRIL 13, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1851

Introduced by Assembly Members Gray and Ting

February 10, 2016

An act to amend Section 44258.4 of, and to add *and repeal* Chapter 8.1 (commencing with Section 44257.1) and Chapter 8.8 (commencing with Section 44269) ~~to of~~ Part 5 of Division 26 of, the Health and Safety Code, to ~~amend~~ *amend, repeal, and add* Sections 6011 and 6012 of the Revenue and Taxation Code, and to amend Section 5205.5 of the Vehicle Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1851, as amended, Gray. Vehicular air pollution: reduction incentives.

(1) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

The Charge Ahead California Initiative, administered by the state board, includes goals of, among other things, placing in service at least

1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and increasing access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles.

The California Global Warming Solutions Act of 2006 establishes the state board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

This bill, ~~as part for purposes~~ of the Clean Vehicle Rebate Project, would require the state ~~board~~ *board, until January 1, 2026*, to provide specified rebate amounts for battery electric vehicles, fuel-cell vehicles, and plug-in hybrid electric vehicles; ~~to limit rebates to vehicles with a manufacturer's suggested retail price of \$60,000 or less; vehicles~~ and to implement a process to allow eligible applicants to obtain prompt preapproval from the state board prior to purchasing an eligible vehicle, as specified. ~~The bill~~ *bill, until January 1, 2026*, would authorize moneys from the Greenhouse Gas Reduction Fund to be available, upon appropriation, for allocation under those provisions and would authorize moneys available for allocation to disadvantaged communities to be available, upon appropriation, for allocations under those provisions to *low- and moderate-income* residents of those communities.

This bill also would require the state ~~board~~ *board, until January 1, 2026*, to issue specified rebates up to the costs associated with the purchase and the installation of an electric vehicle charging station to a property owner or lessee, as specified. The bill would ~~authorize~~ *authorize, until January 1, 2026*, moneys from the Greenhouse Gas Reduction Fund to be available, upon appropriation, for allocation for those rebates.

(2) Existing sales and use tax laws impose taxes on retailers measured by gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state measured by sales price. The Sales and Use Tax Law defines the terms “gross receipts” and “sales price.”

This bill would ~~exclude~~ *exclude, until January 1, 2026*, from the terms “gross receipts” and “sales price” for these purposes the value of a motor vehicle traded in for a qualified motor vehicle, as defined, if the value of the trade-in motor vehicle is separately stated on the motor vehicle invoice or bill of sale or similar document provided by the purchaser. The bill would ~~authorize~~ *authorize, until January 1, 2026*, moneys from the Greenhouse Gas Reduction Fund to be available, upon appropriation, for allocation to reimburse counties and cities for any revenue losses caused by those sales and use tax exemptions.

(3) Existing federal law, until September 30, 2017, authorizes a state to allow specified labeled vehicles to use lanes designated for high-occupancy vehicles (HOVs). Existing law authorizes the Department of Transportation to designate certain lanes for the exclusive use of HOVs. Under existing law, until January 1, 2019, until federal authorization expires, or until the Secretary of State receives a specified notice, those lanes may be used by certain vehicles not carrying the requisite number of passengers otherwise required for the use of an HOV lane if the vehicle displays a valid identifier issued by the Department of Motor Vehicles (DMV). Existing law authorizes the DMV to issue no more than 85,000 of those identifiers.

This bill would no longer limit the amount of identifiers issued by the DMV.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:
3 (a) California is at the forefront of battling climate change, and
4 a main pillar of the state’s climate strategy is reducing greenhouse
5 gas emissions to 1990 levels.
6 (b) To help achieve this greenhouse gas emissions goal, the
7 State Air Resources Board has required large vehicle manufacturers
8 to produce a certain amount of zero-emission vehicles as a
9 percentage of the overall number of vehicles the manufacturer
10 makes for sale in the state. The present mandate is 15.4 percent of
11 new vehicles delivered for sale by 2025.
12 (c) To reinforce this mandate, Governor Brown issued Executive
13 Order B-16-2012, which set a long-term target of 1,500,000

1 zero-emission vehicles on the road by 2025, with the hope and
2 expectation that the market for these vehicles will become
3 mainstream and self-sustaining for individuals, businesses, and
4 public fleets.

5 (d) The widespread adoption and purchase of zero-emission
6 vehicles can help the environment and further the state's goals by
7 mitigating emissions and easing air pollution.

8 (e) To be effective in cutting emissions and cleaning up air
9 pollution, zero-emission and partial-zero-emission vehicles must
10 attract consumers who would otherwise choose a traditional
11 gasoline-fueled car.

12 (f) The current market for zero-emission vehicles has excessive
13 barriers, including the high relative purchase price associated with
14 zero-emission vehicles, limited range capability, inadequate
15 charging infrastructure, resale value, length of commute, and
16 existing low gas prices.

17 (g) In 2015, California's new car dealers sold over 2,000,000
18 new vehicles with a combined 3.1 percent of those sales comprising
19 zero-emission vehicles and partial-zero-emission vehicles. That
20 represents a drop in market share for these vehicles, which was
21 3.2 percent in 2014.

22 (h) Using last year's 2,000,000 new vehicle sales as an estimate
23 of 2025 vehicle sales by covered manufacturers, the 15.4 percent
24 mandate by the State Air Resources Board would require 308,000
25 zero-emission vehicles and partial-zero-emission vehicles be
26 delivered for sale in the state that year. If the current 41.5 percent
27 of new vehicle sales will continue to be made up of sport utility
28 vehicles, pickups, and vans, over 25 percent of the remaining
29 1,201,000 passenger vehicles delivered for sale just nine years
30 from now must be electric or plug-in electric vehicles.

31 (i) California has long focused on increasing disadvantaged
32 communities' access to environmentally-friendly technologies and
33 green transportation options to benefit the health of residents and
34 to enhance air quality.

35 (j) Compared to gasoline-fueled vehicles, alternative-fueled
36 vehicles reduce the country's dependence on foreign oil and
37 substantially lower consumers' fuel costs.

38 (k) Automakers and new car dealers face numerous inherent
39 market challenges when introducing and retailing the
40 alternative-fueled vehicles required by the State Air Resources

1 Board's vehicle mandates, including complex incentives, uncertain
2 policy support, purchase price disparity, lengthy sales transactions,
3 low gasoline prices, poor after-sale electric vehicle infrastructure,
4 and sophisticated, constantly-changing technology.

5 (l) Incentives, such as rebates, tax credits, and high occupancy
6 vehicle lane access for zero- and partial-emission vehicles, are
7 crucial for continuing consumer interest in these vehicles, but
8 greater investments are needed to significantly affect consumer
9 buying behavior and the overall alternative-fueled vehicle
10 marketplace, especially when it comes to economically
11 disadvantaged communities.

12 (m) Increased incentives have been deployed with great success
13 in other countries and have resulted in a large-scale consumer
14 migration from traditional gas-fueled vehicles to cleaner modes
15 of transportation.

16 (n) Accordingly, it is the intent of the Legislature in enacting
17 this act to provide more realistic incentives that will move customer
18 demand of zero-emission vehicles and achieve the adoption of
19 alternative-fueled vehicles to meet the state's greenhouse gas
20 emissions goals.

21 SEC. 2. Chapter 8.1 (commencing with Section 44257.1) is
22 added to Part 5 of Division 26 of the Health and Safety Code, to
23 read:

24
25 CHAPTER 8.1. ZERO-EMISSION VEHICLE INCENTIVES
26

27 44257.1. For purposes of this chapter, the following terms have
28 the following meanings:

29 (a) "Battery electric vehicle" means a vehicle that meets the
30 state's super ultra-low emission vehicle standard for exhaust
31 emissions and the federal inherently low-emission vehicle
32 evaporative emission standard, as defined in Part 88 (commencing
33 with Section 88.101-94) of Title 40 of the Code of Federal
34 Regulations, as that part read on January 1, 2016, and is powered
35 entirely by an electric motor drawing current from rechargeable
36 storage batteries.

37 (b) "Clean Vehicle Rebate Project" has the same meaning as
38 established pursuant to Section 44274.

39 (c) "Disadvantaged community" means a community identified
40 pursuant to Section 39711.

(d) “Fuel-cell vehicle” means a vehicle that meets the state’s super ultra-low emission vehicle standard for exhaust emissions and the federal inherently low-emission vehicle evaporative emission standard, as defined in Part 88 (commencing with Section 88.101-94) of Title 40 of the Code of Federal Regulations, as that part read on January 1, 2016, and is powered by an electric motor drawing current from compressed hydrogen into a fuel cell.

(e) “New motor vehicle dealer” has the same meaning as in Section 426 of the Vehicle Code.

(f) “Plug-in hybrid electric vehicle” means a vehicle that meets the state’s enhanced advanced technology partial zero-emission vehicle standard or transitional zero-emission vehicle standard.

44257.3. (a) (1) Beginning January 1, 2017, ~~as part of~~ *for the purposes of* the Clean Vehicle Rebate Project, the state board shall provide the following incentive amounts:

~~(1)~~

(A) For a vehicle qualified as a plug-in hybrid electric vehicle, an amount equal to 10 percent of the manufacturer’s suggested retail ~~price~~. *price or the final sales price, whichever is lower.*

~~(2)~~

(B) For a vehicle qualified as a battery electric vehicle, an amount equal to 15 percent of the manufacturer’s suggested retail ~~price~~. *price or the final sales price, whichever is lower.*

~~(3)~~

(C) For a vehicle qualified as a fuel-cell vehicle, an amount equal to 25 percent of the manufacturer’s suggested retail ~~price~~. *price or the final sales price, whichever is lower.*

(2) *The incentive amounts provided pursuant to this subdivision shall be applicable only for the first sixty thousand dollars (\$60,000) of the manufacturer’s suggested retail price or the final sales price, whichever is lower.*

(b) (1) Notwithstanding subdivision (a), beginning January 1, 2017, ~~as part of~~ *for the purposes of* the Clean Vehicle Rebate Project, the state board shall provide for *low- and moderate-income* residents of a disadvantaged community the following incentive amounts:

~~(1)~~

(A) For a vehicle qualified as a plug-in hybrid electric vehicle, an amount equal to 40 percent of the manufacturer’s suggested retail ~~price~~. *price or the final sales price, whichever is lower.*

1 ~~(2)~~

2 (B) For a vehicle qualified as a battery electric vehicle, an
3 amount equal to 45 percent of the manufacturer's suggested retail
4 ~~price.~~ *price or the final sales price, whichever is lower.*

5 ~~(3)~~

6 (C) For a vehicle qualified as a fuel-cell vehicle, an amount
7 equal to 55 percent of the manufacturer's suggested retail ~~price.~~
8 *price or the final sales price, whichever is lower.*

9 (2) *The incentive amounts provided pursuant to this subdivision*
10 *shall be applicable only for the first sixty thousand dollars*
11 *(\$60,000) of the manufacturer's suggested retail price or the final*
12 *sales price, whichever is lower.*

13 (c) (1) Moneys from the Greenhouse Gas Reduction Fund,
14 created pursuant to Section 16428.8 of the Government Code, shall
15 be available, upon appropriation by the Legislature, for allocation
16 pursuant to subdivision (a).

17 (2) Moneys available for allocation to disadvantaged
18 communities shall be available, upon appropriation by the
19 Legislature, for allocation pursuant to subdivision (b).

20 ~~44257.5. In addition to the current criteria and other~~
21 ~~requirements for the Clean Vehicle Rebate Project, beginning~~
22 ~~January 1, 2017, the state board shall limit eligible vehicles to~~
23 ~~those vehicles with a manufacturer's suggested retail price of sixty~~
24 ~~thousand dollars (\$60,000) or less.~~

25 ~~44257.7.~~

26 44257.5. (a) (1) The state board shall implement a process to
27 allow eligible applicants under the Clean Vehicle Rebate Project
28 to obtain prompt preapproval from the state board prior to
29 purchasing or leasing a vehicle. The process shall provide the
30 applicant a unique identifiable number, which the applicant can
31 present to a new motor vehicle dealer, and shall enable the unique
32 identifiable number to be verified by a new motor vehicle dealer
33 at the time of purchase or lease.

34 (2) The state board shall implement a process to allow a new
35 motor vehicle dealer to be refunded any Clean Vehicle Rebate
36 Project incentive amount applied to the applicant's conditional
37 sales contract or other vehicle purchase or lease agreement in no
38 fewer than seven days.

39 (b) Upon the implementation of subdivision (a), a new motor
40 vehicle dealer may apply the Clean Vehicle Rebate Project

1 incentive amount to the applicant's conditional sales contract or
2 other vehicle purchase or lease agreement as a downpayment or
3 amount due at lease signing or delivery.

4 (c) The state board shall suspend the preapproval process
5 described in paragraph (1) of subdivision (a) if inadequate funding
6 is available to award incentives under the Clean Vehicle Rebate
7 Project. If the state board suspends the preapproval process, it shall
8 provide dealers and consumers no less than 30 days' advance
9 notice.

10 ~~44257.9:~~

11 ~~44257.7.~~ The state board shall adopt regulations implementing
12 this chapter.

13 ~~44257.9. This chapter shall remain in effect only until January~~
14 ~~1, 2026, and as of that date is repealed, unless a later enacted~~
15 ~~statute, that is enacted before January 1, 2026, deletes or extends~~
16 ~~that date.~~

17 SEC. 3. Section 44258.4 of the Health and Safety Code is
18 amended to read:

19 44258.4. (a) Any moneys utilized pursuant to this chapter from
20 the Greenhouse Gas Reduction Fund, created pursuant to Section
21 16428.8 of the Government Code, shall be consistent with the
22 appropriations processes and criteria established by the Greenhouse
23 Gas Reduction Fund Investment Plan and Communities
24 Revitalization Act (Chapter 4.1 (commencing with Section 39710)
25 of Part 2).

26 (b) The Charge Ahead California Initiative is hereby established
27 and shall be administered by the state board. The goals of this
28 initiative are to place in service at least 1,000,000 zero-emission
29 and near-zero-emission vehicles by January 1, 2023, to establish
30 a self-sustaining California market for zero-emission and
31 near-zero-emission vehicles in which zero-emission and
32 near-zero-emission vehicles are a viable mainstream option for
33 individual vehicle purchasers, businesses, and public fleets, to
34 increase access for disadvantaged, low-income, and
35 moderate-income communities and consumers to zero-emission
36 and near-zero-emission vehicles, and to increase the placement of
37 those vehicles in those communities and with those consumers to
38 enhance the air quality, lower greenhouse gases, and promote
39 overall benefits for those communities and consumers.

1 (c) The state board, in consultation with the State Energy
2 Resources Conservation and Development Commission, districts,
3 and the public, shall do all of the following:

4 (1) (A) Include, commencing with the funding plan for the
5 2016–17 fiscal year of the Air Quality Improvement Program
6 (Article 3 (commencing with Section 44274) of Chapter 8.9), a
7 funding plan that includes the immediate fiscal year and a forecast
8 of estimated funding needs for the subsequent two fiscal years
9 commensurate with meeting the goals of this chapter. Funding
10 needs may be described as a range that identifies the projected
11 high and low funding levels needed for the two-year forecast period
12 to contribute to technology advancement, market readiness, and
13 consumer acceptance of zero- and near-zero-emission vehicle
14 technologies. The funding plan shall include a market and
15 technology assessment for each funded zero- and
16 near-zero-emission vehicle technology to inform the appropriate
17 funding level, incentive type, and incentive amount. The forecast
18 shall include an assessment of when a self-sustaining market is
19 expected and how existing incentives may be modified to recognize
20 expected changes in future market conditions.

21 (B) Projects included in the forecast may include, but are not
22 limited to, any of the following:

23 (i) The Clean Vehicle Rebate Project, established pursuant to
24 Section 44274.

25 (ii) Light-duty zero-emission and near-zero-emission vehicle
26 deployment projects eligible under the Alternative and Renewable
27 Fuel and Vehicle Technology Program, established pursuant to
28 Article 2 (commencing with Section 44272) of Chapter 8.9.

29 (iii) Programs adopted pursuant to paragraph (4).

30 (2) Update the plan required pursuant to paragraph (1) at least
31 every three years through January 1, 2023.

32 (3) No later than June 30, 2015, and consistent with Chapter
33 8.1 (commencing with Section 44257.1), adopt revisions to the
34 criteria and other requirements for the Clean Vehicle Rebate
35 Project, established pursuant to Section 44274, to ensure the
36 following:

37 (A) Eligibility is limited based on income.

38 (B) Consideration of methods to increase participation rates.

39 (4) (A) Establish programs that further increase access to and
40 direct benefits for disadvantaged, low-income, and

1 moderate-income communities and consumers from electric
2 transportation, including, but not limited to, any of the following:

3 (i) Financing mechanisms, including, but not limited to, a loan
4 or loan-loss reserve credit enhancement program to increase
5 consumer access to zero-emission and near-zero-emission vehicle
6 financing and leasing options that can help lower expenditures on
7 transportation and prequalification or point-of-sale rebates or other
8 methods to increase participation rates among low- and
9 moderate-income consumers.

10 (ii) Car sharing programs that serve disadvantaged communities
11 and utilize zero-emission and near-zero-emission vehicles.

12 (iii) Deployment of charging infrastructure in multiunit
13 dwellings in disadvantaged communities to remove barriers to
14 zero-emission and near-zero-emission vehicle adoption by those
15 who do not live in detached homes. This clause does not preclude
16 the Public Utilities Commission from acting within the scope of
17 its jurisdiction.

18 (iv) Additional incentives for zero-emission, near-zero-emission,
19 or high-efficiency replacement vehicles or a mobility option
20 available to participants in the enhanced fleet modernization
21 program, established pursuant to Article 11 (commencing with
22 Section 44125) of Chapter 5.

23 (B) Programs implemented pursuant to this paragraph shall
24 provide adequate outreach to disadvantaged, low-income, and
25 moderate-income communities and consumers, including partnering
26 with community-based organizations.

27 SEC. 4. Chapter 8.8 (commencing with Section 44269) is added
28 to Part 5 of Division 26 of the Health and Safety Code, to read:

29
30 CHAPTER 8.8. ELECTRIC VEHICLE CHARGING STATION REBATES

31
32 44269. (a) The state board shall issue a rebate up to the costs
33 associated with the purchase and installation of an electric vehicle
34 charging station to a property owner or lessee in the following
35 amounts:

36 (1) Two thousand dollars (\$2,000) for the first year of
37 installation.

38 (2) One thousand five hundred dollars (\$1,500) following the
39 first year of installation.

1 (3) One thousand dollars (\$1,000) following the second year of
2 installation.

3 (b) The property owner or lessee shall first place the electric
4 vehicle charging station in service during the calendar year for
5 which the rebate is claimed.

6 (c) The property owner or lessee shall maintain the electric
7 vehicle charging station for a minimum period of 60 months. If
8 the property owner or lessee does not maintain the electric vehicle
9 charging station for a minimum period of 60 months, the state
10 board shall seek reimbursement for the entire amount of the rebates
11 previously issued pursuant to subdivision (a) from the property
12 owner or lessee who had received those rebates.

13 (d) The property owner or lessee may not claim a rebate pursuant
14 to subdivision (a) for the installation of an electric vehicle charging
15 station if an existing electric vehicle charging station has been
16 removed from the property within the preceding 12 months.

17 (e) (1) The property owner or lessee may receive rebates for
18 the installation of up to two electric vehicle charging stations for
19 use on a residential property located in a disadvantaged community,
20 as identified pursuant to Section 39711.

21 (2) The property owner or lessee may receive rebates for the
22 installation of up to 10 electric vehicle charging stations for use
23 on a commercial or multifamily property.

24 (f) The state board shall limit eligible electric vehicle charging
25 stations to level 2 charging and rapid charging ports.

26 (g) The state board shall adopt regulations implementing this
27 chapter.

28 44269.5. Moneys from the Greenhouse Gas Reduction Fund,
29 created pursuant to Section 16428.8 of the Government Code, shall
30 be available, upon appropriation by the Legislature, for allocation
31 pursuant to this chapter.

32 44269.7. *This chapter shall remain in effect only until January*
33 *1, 2026, and as of that date is repealed, unless a later enacted*
34 *statute, that is enacted before January 1, 2026, deletes or extends*
35 *that date.*

36 SEC. 5. Section 6011 of the Revenue and Taxation Code is
37 amended to read:

38 6011. (a) "Sales price" means the total amount for which
39 tangible personal property is sold or leased or rented, as the case

- 1 may be, valued in money, whether paid in money or otherwise,
2 without any deduction on account of any of the following:
- 3 (1) The cost of the property sold.
 - 4 (2) The cost of materials used, labor or service cost, interest
5 charged, losses, or any other expenses.
 - 6 (3) The cost of transportation of the property, except as excluded
7 by other provisions of this section.
- 8 (b) The total amount for which the property is sold or leased or
9 rented includes all of the following:
- 10 (1) Any services that are a part of the sale.
 - 11 (2) Any amount for which credit is given to the purchaser by
12 the seller.
 - 13 (3) The amount of any tax imposed by the United States upon
14 producers and importers of gasoline and the amount of any tax
15 imposed pursuant to Part 2 (commencing with Section 7301) of
16 this division.
- 17 (c) "Sales price" does not include any of the following:
- 18 (1) Cash discounts allowed and taken on sales.
 - 19 (2) The amount charged for property returned by customers
20 when that entire amount is refunded either in cash or credit, but
21 this exclusion shall not apply in any instance when the customer,
22 in order to obtain the refund, is required to purchase other property
23 at a price greater than the amount charged for the property that is
24 returned. For the purpose of this section, refund or credit of the
25 entire amount shall be deemed to be given when the purchase price
26 less rehandling and restocking costs are refunded or credited to
27 the customer. The amount withheld for rehandling and restocking
28 costs may be a percentage of the sales price determined by the
29 average cost of rehandling and restocking returned merchandise
30 during the previous accounting cycle.
 - 31 (3) The amount charged for labor or services rendered in
32 installing or applying the property sold.
 - 33 (4) (A) The amount of any tax (not including, however, any
34 manufacturers' or importers' excise tax, except as provided in
35 subparagraph (B)) imposed by the United States upon or with
36 respect to retail sales whether imposed upon the retailer or the
37 consumer.
 - 38 (B) The amount of manufacturers' or importers' excise tax
39 imposed pursuant to Section 4081 of the Internal Revenue Code
40 for which the purchaser certifies that he or she is entitled to either

1 a direct refund or credit against his or her income tax for the federal
2 excise tax paid or for which the purchaser issues a certificate
3 pursuant to Section 6245.5.

4 (5) The amount of any tax imposed by any city, county, city
5 and county, or rapid transit district within the State of California
6 upon or with respect to retail sales of tangible personal property,
7 measured by a stated percentage of sales price or gross receipts,
8 whether imposed upon the retailer or the consumer.

9 (6) The amount of any tax imposed by any city, county, city
10 and county, or rapid transit district within the State of California
11 with respect to the storage, use or other consumption in that city,
12 county, city and county, or rapid transit district of tangible personal
13 property measured by a stated percentage of sales price or purchase
14 price, whether the tax is imposed upon the retailer or the consumer.

15 (7) Separately stated charges for transportation from the
16 retailer's place of business or other point from which shipment is
17 made directly to the purchaser, but the exclusion shall not exceed
18 a reasonable charge for transportation by facilities of the retailer
19 or the cost to the retailer of transportation by other than facilities
20 of the retailer. However, if the transportation is by facilities of the
21 retailer, or the property is sold for a delivered price, this exclusion
22 shall be applicable solely with respect to transportation which
23 occurs after the purchase of the property is made.

24 (8) Charges for transporting landfill from an excavation site to
25 a site specified by the purchaser, either if the charge is separately
26 stated and does not exceed a reasonable charge or if the entire
27 consideration consists of payment for transportation.

28 (9) The amount of any motor vehicle, mobilehome, or
29 commercial coach fee or tax imposed by and paid the State of
30 California that has been added to or is measured by a stated
31 percentage of the sales or purchase price of a motor vehicle,
32 mobilehome, or commercial coach.

33 (10) (A) The amount charged for intangible personal property
34 transferred with tangible personal property in any technology
35 transfer agreement, if the technology transfer agreement separately
36 states a reasonable price for the tangible personal property.

37 (B) If the technology transfer agreement does not separately
38 state a price for the tangible personal property, and the tangible
39 personal property or like tangible personal property has been
40 previously sold or leased, or offered for sale or lease, to third

1 parties at a separate price, the price at which the tangible personal
2 property was sold, leased, or offered to third parties shall be used
3 to establish the retail fair market value of the tangible personal
4 property subject to tax. The remaining amount charged under the
5 technology transfer agreement is for the intangible personal
6 property transferred.

7 (C) If the technology transfer agreement does not separately
8 state a price for the tangible personal property, and the tangible
9 personal property or like tangible personal property has not been
10 previously sold or leased, or offered for sale or lease, to third
11 parties at a separate price, the retail fair market value shall be equal
12 to 200 percent of the cost of materials and labor used to produce
13 the tangible personal property subject to tax. The remaining amount
14 charged under the technology transfer agreement is for the
15 intangible personal property transferred.

16 (D) For purposes of this paragraph, “technology transfer
17 agreement” means any agreement under which a person who holds
18 a patent or copyright interest assigns or licenses to another person
19 the right to make and sell a product or to use a process that is
20 subject to the patent or copyright interest.

21 (11) The amount of any tax imposed upon diesel fuel pursuant
22 to Part 31 (commencing with Section 60001).

23 (12) (A) The amount of tax imposed by any Indian tribe within
24 the State of California with respect to a retail sale of tangible
25 personal property measured by a stated percentage of the sales or
26 purchase price, whether the tax is imposed upon the retailer or the
27 consumer.

28 (B) The exclusion authorized by subparagraph (A) shall only
29 apply to those retailers who are in substantial compliance with this
30 part.

31 (13) (A) The value of a motor vehicle traded in for a qualified
32 motor vehicle if the value of the trade-in motor vehicle is separately
33 stated on the qualified motor vehicle invoice or bill of sale or
34 similar document provided to the purchaser.

35 (B) For purposes of this paragraph, “qualified motor vehicle”
36 means a motor vehicle that meets either of the following:

37 (i) California’s super ultra-low emission vehicle standard for
38 exhaust emissions and the federal inherently low-emission vehicle
39 evaporative emission standard, as defined in Part 88 (commencing

1 with Section 88.101-94) of Title 40 of the Code of Federal
2 Regulations as that part read on January 1, 2016.

3 (ii) California's enhanced advanced technology partial
4 zero-emission vehicle standard or transitional zero-emission vehicle
5 standard.

6 (C) Consistent with Section 2230, moneys from the Greenhouse
7 Gas Reduction Fund, created pursuant to Section 16428.8 of the
8 Government Code, shall be available, upon appropriation by the
9 Legislature, for allocation to reimburse counties and cities for any
10 revenue losses resulting from the application of this paragraph.

11 *(d) This section shall remain in effect only until January 1, 2026,*
12 *and as of that date is repealed, unless a later enacted statute, that*
13 *is enacted before January 1, 2026, deletes or extends that date.*

14 SEC. 6. Section 6011 is added to the Revenue and Taxation
15 Code, to read:

16 6011. (a) "Sales price" means the total amount for which
17 tangible personal property is sold or leased or rented, as the case
18 may be, valued in money, whether paid in money or otherwise,
19 without any deduction on account of any of the following:

20 (1) The cost of the property sold.

21 (2) The cost of materials used, labor or service cost, interest
22 charged, losses, or any other expenses.

23 (3) The cost of transportation of the property, except as excluded
24 by other provisions of this section.

25 (b) The total amount for which the property is sold or leased
26 or rented includes all of the following:

27 (1) Any services that are a part of the sale.

28 (2) Any amount for which credit is given to the purchaser by
29 the seller.

30 (3) The amount of any tax imposed by the United States upon
31 producers and importers of gasoline and the amount of any tax
32 imposed pursuant to Part 2 (commencing with Section 7301) of
33 this division.

34 (c) "Sales price" does not include any of the following:

35 (1) Cash discounts allowed and taken on sales.

36 (2) The amount charged for property returned by customers
37 when that entire amount is refunded either in cash or credit, but
38 this exclusion shall not apply in any instance when the customer,
39 in order to obtain the refund, is required to purchase other property
40 at a price greater than the amount charged for the property that

1 is returned. For the purpose of this section, refund or credit of the
2 entire amount shall be deemed to be given when the purchase price
3 less rehandling and restocking costs are refunded or credited to
4 the customer. The amount withheld for rehandling and restocking
5 costs may be a percentage of the sales price determined by the
6 average cost of rehandling and restocking returned merchandise
7 during the previous accounting cycle.

8 (3) The amount charged for labor or services rendered in
9 installing or applying the property sold.

10 (4) (A) The amount of any tax (not including, however, any
11 manufacturers' or importers' excise tax, except as provided in
12 subparagraph (B)) imposed by the United States upon or with
13 respect to retail sales whether imposed upon the retailer or the
14 consumer.

15 (B) The amount of manufacturers' or importers' excise tax
16 imposed pursuant to Section 4081 of the Internal Revenue Code
17 for which the purchaser certifies that he or she is entitled to either
18 a direct refund or credit against his or her income tax for the
19 federal excise tax paid or for which the purchaser issues a
20 certificate pursuant to Section 6245.5.

21 (5) The amount of any tax imposed by any city, county, city and
22 county, or rapid transit district within the State of California upon
23 or with respect to retail sales of tangible personal property,
24 measured by a stated percentage of sales price or gross receipts,
25 whether imposed upon the retailer or the consumer.

26 (6) The amount of any tax imposed by any city, county, city and
27 county, or rapid transit district within the State of California with
28 respect to the storage, use, or other consumption in that city,
29 county, city and county, or rapid transit district of tangible
30 personal property measured by a stated percentage of sales price
31 or purchase price, whether the tax is imposed upon the retailer or
32 the consumer.

33 (7) Separately stated charges for transportation from the
34 retailer's place of business or other point from which shipment is
35 made directly to the purchaser, but the exclusion shall not exceed
36 a reasonable charge for transportation by facilities of the retailer
37 or the cost to the retailer of transportation by other than facilities
38 of the retailer. However, if the transportation is by facilities of the
39 retailer, or the property is sold for a delivered price, this exclusion

1 *shall be applicable solely with respect to transportation which*
2 *occurs after the purchase of the property is made.*

3 *(8) Charges for transporting landfill from an excavation site to*
4 *a site specified by the purchaser, either if the charge is separately*
5 *stated and does not exceed a reasonable charge or if the entire*
6 *consideration consists of payment for transportation.*

7 *(9) The amount of any motor vehicle, mobilehome, or*
8 *commercial coach fee or tax imposed by and paid to the State of*
9 *California that has been added to or is measured by a stated*
10 *percentage of the sales or purchase price of a motor vehicle,*
11 *mobilehome, or commercial coach.*

12 *(10) (A) The amount charged for intangible personal property*
13 *transferred with tangible personal property in any technology*
14 *transfer agreement, if the technology transfer agreement separately*
15 *states a reasonable price for the tangible personal property.*

16 *(B) If the technology transfer agreement does not separately*
17 *state a price for the tangible personal property, and the tangible*
18 *personal property or like tangible personal property has been*
19 *previously sold or leased, or offered for sale or lease, to third*
20 *parties at a separate price, the price at which the tangible personal*
21 *property was sold, leased, or offered to third parties shall be used*
22 *to establish the retail fair market value of the tangible personal*
23 *property subject to tax. The remaining amount charged under the*
24 *technology transfer agreement is for the intangible personal*
25 *property transferred.*

26 *(C) If the technology transfer agreement does not separately*
27 *state a price for the tangible personal property, and the tangible*
28 *personal property or like tangible personal property has not been*
29 *previously sold or leased, or offered for sale or lease, to third*
30 *parties at a separate price, the retail fair market value shall be*
31 *equal to 200 percent of the cost of materials and labor used to*
32 *produce the tangible personal property subject to tax. The*
33 *remaining amount charged under the technology transfer*
34 *agreement is for the intangible personal property transferred.*

35 *(D) For purposes of this paragraph, "technology transfer*
36 *agreement" means any agreement under which a person who holds*
37 *a patent or copyright interest assigns or licenses to another person*
38 *the right to make and sell a product or to use a process that is*
39 *subject to the patent or copyright interest.*

1 (11) *The amount of any tax imposed upon diesel fuel pursuant*
2 *to Part 31 (commencing with Section 60001).*

3 (12) (A) *The amount of tax imposed by any Indian tribe within*
4 *the State of California with respect to a retail sale of tangible*
5 *personal property measured by a stated percentage of the sales*
6 *or purchase price, whether the tax is imposed upon the retailer or*
7 *the consumer.*

8 (B) *The exclusion authorized by subparagraph (A) shall only*
9 *apply to those retailers who are in substantial compliance with*
10 *this part.*

11 (d) *This section shall become operative on January 1, 2026.*

12 ~~SEC. 6.~~

13 SEC. 7. Section 6012 of the Revenue and Taxation Code is
14 amended to read:

15 6012. (a) “Gross receipts” mean the total amount of the sale
16 or lease or rental price, as the case may be, of the retail sales of
17 retailers, valued in money, whether received in money or otherwise,
18 without any deduction on account of any of the following:

19 (1) The cost of the property sold. However, in accordance with
20 any rules and regulations as the board may prescribe, a deduction
21 may be taken if the retailer has purchased property for some other
22 purpose than resale, has reimbursed his or her vendor for tax which
23 the vendor is required to pay to the state or has paid the use tax
24 with respect to the property, and has resold the property prior to
25 making any use of the property other than retention, demonstration,
26 or display while holding it for sale in the regular course of business.
27 If that deduction is taken by the retailer, no refund or credit will
28 be allowed to his or her vendor with respect to the sale of the
29 property.

30 (2) The cost of the materials used, labor or service cost, interest
31 paid, losses, or any other expense.

32 (3) The cost of transportation of the property, except as excluded
33 by other provisions of this section.

34 (4) The amount of any tax imposed by the United States upon
35 producers and importers of gasoline and the amount of any tax
36 imposed pursuant to Part 2 (commencing with Section 7301) of
37 this division.

38 (b) The total amount of the sale or lease or rental price includes
39 all of the following:

40 (1) Any services that are a part of the sale.

1 (2) All receipts, cash, credits and property of any kind.

2 (3) Any amount for which credit is allowed by the seller to the
3 purchaser.

4 (c) "Gross receipts" do not include any of the following:

5 (1) Cash discounts allowed and taken on sales.

6 (2) Sale price of property returned by customers when that entire
7 amount is refunded either in cash or credit, but this exclusion shall
8 not apply in any instance when the customer, in order to obtain
9 the refund, is required to purchase other property at a price greater
10 than the amount charged for the property that is returned. For the
11 purpose of this section, refund or credit of the entire amount shall
12 be deemed to be given when the purchase price less rehandling
13 and restocking costs are refunded or credited to the customer. The
14 amount withheld for rehandling and restocking costs may be a
15 percentage of the sales price determined by the average cost of
16 rehandling and restocking returned merchandise during the
17 previous accounting cycle.

18 (3) The price received for labor or services used in installing or
19 applying the property sold.

20 (4) (A) The amount of any tax (not including, however, any
21 manufacturers' or importers' excise tax, except as provided in
22 subparagraph (B)) imposed by the United States upon or with
23 respect to retail sales whether imposed upon the retailer or the
24 consumer.

25 (B) The amount of manufacturers' or importers' excise tax
26 imposed pursuant to Section 4081 of the Internal Revenue Code
27 for which the purchaser certifies that he or she is entitled to either
28 a direct refund or credit against his or her income tax for the federal
29 excise tax paid or for which the purchaser issues a certificate
30 pursuant to Section 6245.5.

31 (5) The amount of any tax imposed by any city, county, city
32 and county, or rapid transit district within the State of California
33 upon or with respect to retail sales of tangible personal property
34 measured by a stated percentage of sales price or gross receipts
35 whether imposed upon the retailer or the consumer.

36 (6) The amount of any tax imposed by any city, county, city
37 and county, or rapid transit district within the State of California
38 with respect to the storage, use or other consumption in that city,
39 county, city and county, or rapid transit district of tangible personal

1 property measured by a stated percentage of sales price or purchase
2 price, whether the tax is imposed upon the retailer or the consumer.

3 (7) Separately stated charges for transportation from the
4 retailer's place of business or other point from which shipment is
5 made directly to the purchaser, but the exclusion shall not exceed
6 a reasonable charge for transportation by facilities of the retailer
7 or the cost to the retailer of transportation by other than facilities
8 of the retailer. However, if the transportation is by facilities of the
9 retailer, or the property is sold for a delivered price, this exclusion
10 shall be applicable solely with respect to transportation which
11 occurs after the sale of the property is made to the purchaser.

12 (8) Charges for transporting landfill from an excavation site to
13 a site specified by the purchaser, either if the charge is separately
14 stated and does not exceed a reasonable charge or if the entire
15 consideration consists of payment for transportation.

16 (9) The amount of any motor vehicle, mobilehome, or
17 commercial coach fee or tax imposed by and paid to the State of
18 California that has been added to or is measured by a stated
19 percentage of the sales or purchase price of a motor vehicle,
20 mobilehome, or commercial coach.

21 (10) (A) The amount charged for intangible personal property
22 transferred with tangible personal property in any technology
23 transfer agreement, if the technology transfer agreement separately
24 states a reasonable price for the tangible personal property.

25 (B) If the technology transfer agreement does not separately
26 state a price for the tangible personal property, and the tangible
27 personal property or like tangible personal property has been
28 previously sold or leased, or offered for sale or lease, to third
29 parties at a separate price, the price at which the tangible personal
30 property was sold, leased, or offered to third parties shall be used
31 to establish the retail fair market value of the tangible personal
32 property subject to tax. The remaining amount charged under the
33 technology transfer agreement is for the intangible personal
34 property transferred.

35 (C) If the technology transfer agreement does not separately
36 state a price for the tangible personal property, and the tangible
37 personal property or like tangible personal property has not been
38 previously sold or leased, or offered for sale or lease, to third
39 parties at a separate price, the retail fair market value shall be equal
40 to 200 percent of the cost of materials and labor used to produce

1 the tangible personal property subject to tax. The remaining amount
2 charged under the technology transfer agreement is for the
3 intangible personal property transferred.

4 (D) For purposes of this paragraph, “technology transfer
5 agreement” means any agreement under which a person who holds
6 a patent or copyright interest assigns or licenses to another person
7 the right to make and sell a product or to use a process that is
8 subject to the patent or copyright interest.

9 (11) The amount of any tax imposed upon diesel fuel pursuant
10 to Part 31 (commencing with Section 60001).

11 (12) (A) The amount of tax imposed by any Indian tribe within
12 the State of California with respect to a retail sale of tangible
13 personal property measured by a stated percentage of the sales or
14 purchase price, whether the tax is imposed upon the retailer or the
15 consumer.

16 (B) The exclusion authorized by subparagraph (A) shall only
17 apply to those retailers who are in substantial compliance with this
18 part.

19 For purposes of the sales tax, if the retailers establish to the
20 satisfaction of the board that the sales tax has been added to the
21 total amount of the sale price and has not been absorbed by them,
22 the total amount of the sale price shall be deemed to be the amount
23 received exclusive of the tax imposed. Section 1656.1 of the Civil
24 Code shall apply in determining whether or not the retailers have
25 absorbed the sales tax.

26 (13) (A) The value of a motor vehicle traded in for a qualified
27 motor vehicle if the value of the trade-in motor vehicle is separately
28 stated on the qualified motor vehicle invoice or bill of sale or
29 similar document provided to the purchaser.

30 (B) For purposes of this paragraph, “qualified motor vehicle”
31 means a motor vehicle that meets either of the following:

32 (i) California’s super ultra-low emission vehicle standard for
33 exhaust emissions and the federal inherently low-emission vehicle
34 evaporative emission standard, as defined in Part 88 (commencing
35 with Section 88.101-94) of Title 40 of the Code of Federal
36 Regulations as that part read on January 1, 2016.

37 (ii) California’s enhanced advanced technology partial
38 zero-emission vehicle standard or transitional zero-emission vehicle
39 standard.

(C) Consistent with Section 2230, moneys from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, shall be available, upon appropriation by the Legislature, for allocation to reimburse counties and cities for any revenue losses resulting from the application of this paragraph.

(d) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2026, deletes or extends that date.

SEC. 8. Section 6012 is added to the Revenue and Taxation Code, to read:

6012. (a) “Gross receipts” mean the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, valued in money, whether received in money or otherwise, without any deduction on account of any of the following:

(1) The cost of the property sold. However, in accordance with any rules and regulations as the board may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed his or her vendor for tax which the vendor is required to pay to the state or has paid the use tax with respect to the property, and has resold the property prior to making any use of the property other than retention, demonstration, or display while holding it for sale in the regular course of business. If that deduction is taken by the retailer, no refund or credit will be allowed to his or her vendor with respect to the sale of the property.

(2) The cost of the materials used, labor or service cost, interest paid, losses, or any other expense.

(3) The cost of transportation of the property, except as excluded by other provisions of this section.

(4) The amount of any tax imposed by the United States upon producers and importers of gasoline and the amount of any tax imposed pursuant to Part 2 (commencing with Section 7301) of this division.

(b) The total amount of the sale or lease or rental price includes all of the following:

(1) Any services that are a part of the sale.

(2) All receipts, cash, credits, and property of any kind.

(3) Any amount for which credit is allowed by the seller to the purchaser.

(c) “Gross receipts” do not include any of the following:

1 (1) *Cash discounts allowed and taken on sales.*

2 (2) *Sale price of property returned by customers when that*
3 *entire amount is refunded either in cash or credit, but this exclusion*
4 *shall not apply in any instance when the customer, in order to*
5 *obtain the refund, is required to purchase other property at a price*
6 *greater than the amount charged for the property that is returned.*
7 *For the purpose of this section, refund or credit of the entire*
8 *amount shall be deemed to be given when the purchase price less*
9 *rehandling and restocking costs are refunded or credited to the*
10 *customer. The amount withheld for rehandling and restocking*
11 *costs may be a percentage of the sales price determined by the*
12 *average cost of rehandling and restocking returned merchandise*
13 *during the previous accounting cycle.*

14 (3) *The price received for labor or services used in installing*
15 *or applying the property sold.*

16 (4) (A) *The amount of any tax (not including, however, any*
17 *manufacturers' or importers' excise tax, except as provided in*
18 *subparagraph (B)) imposed by the United States upon or with*
19 *respect to retail sales whether imposed upon the retailer or the*
20 *consumer.*

21 (B) *The amount of manufacturers' or importers' excise tax*
22 *imposed pursuant to Section 4081 of the Internal Revenue Code*
23 *for which the purchaser certifies that he or she is entitled to either*
24 *a direct refund or credit against his or her income tax for the*
25 *federal excise tax paid or for which the purchaser issues a*
26 *certificate pursuant to Section 6245.5.*

27 (5) *The amount of any tax imposed by any city, county, city and*
28 *county, or rapid transit district within the State of California upon*
29 *or with respect to retail sales of tangible personal property*
30 *measured by a stated percentage of sales price or gross receipts*
31 *whether imposed upon the retailer or the consumer.*

32 (6) *The amount of any tax imposed by any city, county, city and*
33 *county, or rapid transit district within the State of California with*
34 *respect to the storage, use, or other consumption in that city,*
35 *county, city and county, or rapid transit district of tangible*
36 *personal property measured by a stated percentage of sales price*
37 *or purchase price, whether the tax is imposed upon the retailer or*
38 *the consumer.*

39 (7) *Separately stated charges for transportation from the*
40 *retailer's place of business or other point from which shipment is*

1 *made directly to the purchaser, but the exclusion shall not exceed*
2 *a reasonable charge for transportation by facilities of the retailer*
3 *or the cost to the retailer of transportation by other than facilities*
4 *of the retailer. However, if the transportation is by facilities of the*
5 *retailer, or the property is sold for a delivered price, this exclusion*
6 *shall be applicable solely with respect to transportation which*
7 *occurs after the sale of the property is made to the purchaser.*

8 *(8) Charges for transporting landfill from an excavation site to*
9 *a site specified by the purchaser, either if the charge is separately*
10 *stated and does not exceed a reasonable charge or if the entire*
11 *consideration consists of payment for transportation.*

12 *(9) The amount of any motor vehicle, mobilehome, or*
13 *commercial coach fee or tax imposed by and paid to the State of*
14 *California that has been added to or is measured by a stated*
15 *percentage of the sales or purchase price of a motor vehicle,*
16 *mobilehome, or commercial coach.*

17 *(10) (A) The amount charged for intangible personal property*
18 *transferred with tangible personal property in any technology*
19 *transfer agreement, if the technology transfer agreement separately*
20 *states a reasonable price for the tangible personal property.*

21 *(B) If the technology transfer agreement does not separately*
22 *state a price for the tangible personal property, and the tangible*
23 *personal property or like tangible personal property has been*
24 *previously sold or leased, or offered for sale or lease, to third*
25 *parties at a separate price, the price at which the tangible personal*
26 *property was sold, leased, or offered to third parties shall be used*
27 *to establish the retail fair market value of the tangible personal*
28 *property subject to tax. The remaining amount charged under the*
29 *technology transfer agreement is for the intangible personal*
30 *property transferred.*

31 *(C) If the technology transfer agreement does not separately*
32 *state a price for the tangible personal property, and the tangible*
33 *personal property or like tangible personal property has not been*
34 *previously sold or leased, or offered for sale or lease, to third*
35 *parties at a separate price, the retail fair market value shall be*
36 *equal to 200 percent of the cost of materials and labor used to*
37 *produce the tangible personal property subject to tax. The*
38 *remaining amount charged under the technology transfer*
39 *agreement is for the intangible personal property transferred.*

(D) For purposes of this paragraph, “technology transfer agreement” means any agreement under which a person who holds a patent or copyright interest assigns or licenses to another person the right to make and sell a product or to use a process that is subject to the patent or copyright interest.

(11) The amount of any tax imposed upon diesel fuel pursuant to Part 31 (commencing with Section 60001).

(12) (A) The amount of tax imposed by any Indian tribe within the State of California with respect to a retail sale of tangible personal property measured by a stated percentage of the sales or purchase price, whether the tax is imposed upon the retailer or the consumer.

(B) The exclusion authorized by subparagraph (A) shall only apply to those retailers who are in substantial compliance with this part.

For purposes of the sales tax, if the retailers establish to the satisfaction of the board that the sales tax has been added to the total amount of the sale price and has not been absorbed by them, the total amount of the sale price shall be deemed to be the amount received exclusive of the tax imposed. Section 1656.1 of the Civil Code shall apply in determining whether or not the retailers have absorbed the sales tax.

(d) This section shall become operative on January 1, 2026.

~~SEC. 7.~~

SEC. 9. Section 5205.5 of the Vehicle Code is amended to read:

5205.5. (a) For the purposes of implementing Section 21655.9, the department shall make available for issuance, for a fee determined by the department to be sufficient to reimburse the department for the actual costs incurred pursuant to this section, distinctive decals, labels, and other identifiers that clearly distinguish the following vehicles from other vehicles:

(1) A vehicle that meets California’s super ultra-low emission vehicle (SULEV) standard for exhaust emissions and the federal inherently low-emission vehicle (ILEV) evaporative emission standard, as defined in Part 88 (commencing with Section 88.101-94) of Title 40 of the Code of Federal Regulations.

(2) A vehicle that was produced during the 2004 model year or earlier and meets California’s ultra-low emission vehicle (ULEV) standard for exhaust emissions and the federal ILEV standard.

1 (3) A vehicle that meets California's enhanced advanced
2 technology partial zero-emission vehicle (enhanced AT PZEV)
3 standard or transitional zero-emission vehicle (TZEV) standard.

4 (b) The department shall include a summary of the provisions
5 of this section on each motor vehicle registration renewal notice,
6 or on a separate insert, if space is available and the summary can
7 be included without incurring additional printing or postage costs.

8 (c) The Department of Transportation shall remove individual
9 HOV lanes, or portions of those lanes, during periods of peak
10 congestion from the access provisions provided in subdivision (a),
11 following a finding by the Department of Transportation as follows:

12 (1) The lane, or portion thereof, exceeds a level of service C,
13 as discussed in subdivision (b) of Section 65089 of the Government
14 Code.

15 (2) The operation or projected operation of the vehicles
16 described in subdivision (a) in these lanes, or portions thereof, will
17 significantly increase congestion.

18 (3) The finding shall also demonstrate the infeasibility of
19 alleviating the congestion by other means, including, but not
20 limited to, reducing the use of the lane by noneligible vehicles or
21 further increasing vehicle occupancy.

22 (d) The State Air Resources Board shall publish and maintain
23 a listing of all vehicles eligible for participation in the programs
24 described in this section. The board shall provide that listing to
25 the department.

26 (e) (1) For the purposes of subdivision (a), the Department of
27 the California Highway Patrol and the department, in consultation
28 with the Department of Transportation, shall design and specify
29 the placement of the decal, label, or other identifier on the vehicle.
30 Each decal, label, or other identifier issued for a vehicle shall
31 display a unique number, which shall be printed on or affixed to
32 the vehicle registration.

33 (2) Decals, labels, or other identifiers designed pursuant to this
34 subdivision for a vehicle described in paragraph (3) of subdivision
35 (a) shall be distinguishable from the decals, labels, or other
36 identifiers that are designed for vehicles described in paragraphs
37 (1) and (2) of subdivision (a).

38 (f) [Reserved]

39 (g) If the Metropolitan Transportation Commission, serving as
40 the Bay Area Toll Authority, grants toll-free and reduced-rate

1 passage on toll bridges under its jurisdiction to a vehicle pursuant
2 to Section 30102.5 of the Streets and Highways Code, it shall also
3 grant the same toll-free and reduced-rate passage to a vehicle
4 displaying an identifier issued by the department pursuant to
5 paragraph (1) or (2) of subdivision (a).

6 (h) (1) Notwithstanding Section 21655.9, and except as
7 provided in paragraph (2), a vehicle described in subdivision (a)
8 that displays a decal, label, or identifier issued pursuant to this
9 section shall be granted a toll-free or reduced-rate passage in
10 high-occupancy toll lanes as described in Section 149.7 of the
11 Streets and Highways Code unless prohibited by federal law.

12 (2) (A) Paragraph (1) does not apply to the imposition of a toll
13 imposed for passage on a toll road or toll highway that is not a
14 high-occupancy toll lane as described in Section 149.7 of the
15 Streets and Highways Code.

16 (B) On or before March 1, 2014, paragraph (1) does not apply
17 to the imposition of a toll imposed for passage in lanes designated
18 for tolls pursuant to the federally supported value pricing and
19 transit development demonstration program operated pursuant to
20 Section 149.9 of the Streets and Highways Code for State Highway
21 Route 10 or 110.

22 (C) Paragraph (1) does not apply to the imposition of a toll
23 charged for crossing a state-owned bridge.

24 (i) If the Director of Transportation determines that federal law
25 does not authorize the state to allow vehicles that are identified by
26 distinctive decals, labels, or other identifiers on vehicles described
27 in subdivision (a) to use highway lanes or highway access ramps
28 for high-occupancy vehicles regardless of vehicle occupancy, the
29 Director of Transportation shall submit a notice of that
30 determination to the Secretary of State.

31 (j) This section shall become inoperative on January 1, 2019,
32 or the date the federal authorization pursuant to Section 166 of
33 Title 23 of the United States Code expires, or the date the Secretary
34 of State receives the notice described in subdivision (i), whichever
35 occurs first, and, as of January 1, 2019, is repealed, unless a later
36 enacted statute, that becomes operative on or before January 1,
37 2019, deletes or extends the dates on which it becomes inoperative
38 and is repealed.

O